*City of Biddeford*
**Budget Committee**
**April 25, 2019 6:00 PM City Hall**
**205 Main Street**
**Council Chambers**

1. **Roll Call**
2. **Pledge of Allegiance**
3. **Discussion**
   3.1. School Department Proposed FY20 Budget
   4-25-2019 School Budget - MEMO.pdf
   3.2. FY20 Budget Work to Date
   Recap of FY20 Budget Work to Date Memo.pdf
4. **Adjourn**

Biddeford Schools
Office of the Superintendent
18 Maplewood Avenue
Biddeford, ME 04005
207.282.8280
biddefordschools.me

To: Biddeford City Council
From: Jeremy Ray, Superintendent of Schools
Re: FY20 School Department Budget

The FY20 Biddeford School Department budget created a different set of challenges than in the past several years. As you are well aware, the school department has been able to pass on almost no increase to the tax rate during the past five (5) budget cycles, but changes in enrollment, increased labor, health insurance costs (6.7%), and increases in city land valuation have impacted our budget.

These factors have required the school department to eliminate positions, add or restructure positions in areas of need, while at the same time budgeting for over a half million dollars in capital improvements. The school committee took the budget in two (2) parts looking at core academic and operations and then additional capital needs.

The core academic and operations portion of the budget including the following reductions and additions/replacement of positions:

| **Reductions** | **Additions/Replacements** |
|---|---|
| *3.5 Elementary Teachers* | *2 Resilience and Resource Coordinator* |
| *1 High School Teacher* | *APC - Ed Tech II* |
| *1 Librarian BPS* | *Librarian Ed Tech III* |
| *2.5 Middle School Teachers* | |

Net Teachers Positions: -6
Net Support Staff Positions: +2
The core academic and operations increase : **$99, 941.00 - .45%**

In addition to the core academic and operation budget, the school committee is recommending the following capital improvement:

| **Projects** | |
|---|---|
| *COT 2nd Floor Renovation* | *$340,000* |
| *Storage Garage at BMS* | *$ 20,000* |
| *Access Card Door at BPS* | *$ 4,000* |
| *Security Cameras (Elementary)* | *$ 20,000* |
| *BHS Floor Repairs* | *$ 15,000* |
| *Middle School Sign Repair* | *$ 6,000* |
| *Doran Field Bathroom and Building* | *$ 30,000* |
| *BPS Driveway Paving* | *$ 70,000* |
| *BPS Parking Lot Light Poles* | *$ 52,000* |

Capital Improvement Requests Totals: **$557,000.00 - 2.54%**

Total Pre-K - 12 and Vocational Budget Requests: **$656,941.00 - 2.99%**



Jeremy Ray, Superintendent
Christopher Indorf, Assistant Superintendent
Terry Gauvin, Business Manager
Jen Normand, Director of Special Education

**Adult Education**

The adult education has requested an increase of **$112,992.28**. This increase is based on the need for an additional english teacher, having decreased carryforward funds, and a reduction in high school diploma revenue (less credit requirements in other programs).

# City of Biddeford, Maine

The Office of
City Manager
**James A. Bennett**
Email: jbennett@biddefordmaine.org

## MEMORANDUM

| | |
|---|---|
| **TO:** | **Budget Committee** |
| **FROM:** | James A. Bennett, City Manager |
| **DATE:** | April 24, 2019 |
| **RE:** | **Recap of FY 20 Budget Work To Date** |

The completed work of the Budget Committee is scheduled for next Tuesday (April 30) in order to comply with the May 6 Charter deadline. This memo is an attempt to assist the members in addressing the known outstanding issues.

**Recap of Budget**

The budget, as presented in March, would require an increase of $0.56 in the tax rate (2.86%). This does not include any increase for the school department (the updated request is $799,933.28 or $0.32) or any increase in the York County tax ($62,000 or $0.03).

The Budget Committee did vote to formally increase the building permit revenue line by $50,000 at its April 8 meeting; reducing the proposed tax rate increase by $0.02.

**Recap of Policy Issues**

The following are the significant policy and/or items of significant financial concerns that have been discussed by members during the dilation to date:

1. *Increase in state revenue sharing:* The Governor proposed to start restoring revenue sharing to the required amount within the law. Currently funded at 2% (instead of the required 5%), her proposal would increase it by 0.5% in each year of the biannual budget. Biddeford's share would be an additional $350,000 ($0.14) in FY20. This has not been built into the budget that I submitted. The final adopted state budget is not likely to be adopted prior to the internal date set for conclusion of our budget process. Revenue sharing funds are a direct deduct to the property tax burden by state law. The Council will need to discuss how it would like to handle this challenge. As I see it, there are three options:
    - *Adopt the budget with the projected increase in revenue sharing:* This would provide the most likely tax rate implications; if the legislature does not include revenue sharing, the budget will have to be amended prior to commitment.
    - *Adopt the budget without the projected increase in revenue sharing:* This would provide the opposite side of above; it will show a higher tax rate than is expected and the budget would need to be amended prior to commitment if the increase is included.
    - *Not finalize the budget until the state budget is adopted:* The Council would have to determine how far it would like to go with the budget i.e. conclude first reading and then finalize the budget after the completion of the state budget. In some years, it has been at the very end of June.



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2. *Increase in annual CIP funding:* The draft budget includes an additional $200,000 for capital improvement funding (for a total of $1,715,547). This recommendation is the first step in a five-year plan to increase capital by $200,000 ($0.08 on tax rate) per year in order to reach the $2,500,000 level annually.
3. *Recycling issues:* the draft budget included $150,000 ($0.06 impact on the tax rate) in additional costs associated with the changing market for recycling. At the April 18 Budget Committee meeting staff presented a set of recommendations in order to eliminate these additional costs within the budget. If adopted and implemented by October 1, the actual budget impact would be a $190,860 savings. The specifics at the recommendation are:
    - *to eliminate the contamination fee:* negotiate an increase in the percentage allowed up to 10% with Cassalla by agreeing to (savings of $126,600 in draft budget):
        - eliminate the 6 or more unit grandfathering (DONE)
        - ban single use plastic bags (DONE)
        - eliminate collections for 3 to 5 units
    - *impact of eliminating 3 to 5 units effective October 1, 2019 ($101,135 savings):*
        - reduce MSW tons paid for 511 buildings, 1,810 units @ 1 ton per x ¾ year: $81,260
        - reduce the amount of recycling to be added to recycling stream; 225 tons x $59.86: $13,500
        - reduce recycling handling charge by 340 tons x ¾ year: $6,375
    - *agree to new recycling handling fee:* 1,900 – 425 tons to MSW to $25 ton: $36,875 increase
4. At the end of this memo is an Appendix that includes the in-depth information regarding the solid waste budget alternatives, based on the questions that have been asked.
5. *Staff recommendations:* the budget is recommending a couple of staffing changes. They are as follows:
    - Replace the 4 day a week comptroller in finance and WWTP with a 40 hour finance clerk; funding is less than last year. ($71,302 was the impact in FY19 (half in WWTP budget); $55,061 in FY20 (with half being paid for WWTP) for a total savings of $16,241 split equally between WWTP and general fund).
    - Eliminate the shared HR Director position (never filled) and replace with a shared Management Analyst position (also serve Community and Economic Development) Added $58,045 in all costs, eliminated $60,871 in net costs for a total net savings of $2,826
    - Two additional firefighter positions to begin on January 1, 2020. Total all costs is $90,062 for both positions (1/2 year FY20).
    - Additional parking enforcement hours in parking budget (paid for by fees/fines)
    - Additional recreation hours in recreation programing budget (paid for by fees)
    - Additional staff day (32 hrs to 40 hrs) in Community and Economic development (paid for by CDBG)
    - Funding of part time polygraph person, primarily funded by fees charged
6. *WWTP funding:* the submitted budget included recommendations to address the three main issues facing the Council within this budget. These include:
    - Reoccurring revenue shortfalls annually (approximately $350,000)
    - Unfunded interfund loan from the general fund to WWTP ($3,277,616 as of FY18 audit)
    - Unspent and unavailable WWTP CIP funding ($3,203,809.71 as of FY18 audit).

The submitted plan included

- Authorizing a $4,000,000 revenue bond for CIP purposes in spring of 2020
- Decreasing annual appropriations by $202,000 (still funding at $570,000)
- Increase rates by 7.5% in FY20; may include another 5.0% in FY21

Additional information as requested by the members is included in the appendix at the end of the memo.

7. *Municipal Services funding:* requested funding from the agencies (including new requests) is $893,108 which is up from the funded amount of $809,817 last year. Included in the submitted budget is a recommendation of $834,817 without any specifics. Here are the specifics:

| AGENCY | FY19 FUNDING | FY20 REQUEST | FY20 CM TOTAL |
|---|---|---|---|
| LAKERMESSE | $15,000 | $15,000 | |
| MCARTHUR LIBRARY | $505,539 | $529,516 | |
| HISTORICAL SOCIETY | $10,000 | $10,000 | |
| CITY THEATER | $30,000 | $30,000 | |
| SHUTTLE BUS | $140,000 | $165,000 | |
| CONSERVATION COMMISSION | $5,000 | $5,000 | |
| EASTERN TRAIL ALLIANCE | $5,000 | $5,000 | |
| SACO RIVER CORRIDOR COMMISION | $10,000 | $10,000 | |
| DOWNTOWN DEVELOPMENT COMMISSION | $2,500 | $5,000 | |
| SO. ME. PLANNING COMMISSION | $2,500 | $5,000 | |
| BIDD-SACO ECONOMIC DEV CORP | $10,361 | $10,361 | |
| HISTORICAL PRESERVATION COMMISSION | $800 | $800 | |
| HEART OF BIDDEFORD | $27,500 | $27,500 | |
| HOLIDAY LIGHTING | $12,500 | $22,500 | |
| PROJECT CANOPY | $5,000 | $5,000 | |
| DOWNTOWN PROMOTION/EVENTS | $12,500 | $12,500 | |
| BIDDEFORD CULTURAL AND HERITAGE CENTER | $10,000 | $10,000 | |
| COMMUNITY HEALTH AND COUNSELING | $0 | $353 | |
| SOUTHERN MAINE VETERANS MEMORIAL CEMETERY | $0 | $1,000 | |
| BIDDEFORD MILLS MUSEUM | $0 | $14,650 | |
| COMMUNITY BIKE CENTER | $0 | $5,000 | |

| | | | |
|---|---|---|---|
| **TOTALS** | **$809,817** | **$893,108** | **$834,817** |

8. *Parking budget:* there are a couple of considerations for the parking budget. The submitted budget occurred early in the process of charging for parking. Last week, Cheryl resubmitted numbers to reflect updated information. The following chart reflects the changes that were directly related to revenues:

| | *Budget As Submitted* | *Suggested Revision* | *Revision Based on 12.1.19 Increase* | *Revision Based on Hourly 5.1.19 & Permits 12.1.19* |
|---|---|---|---|---|
| *Permits* | $138,540 | $124,686 | $107,934 | $107,934 |
| *Hourly* | $57,200 | $102,960 | $83,394 | $102,960 |
| ***Totals*** | **$195,740** | **$227,646** | **$191,827** | **$210,894** |

9. *Martin Center report:* staff is going to provide an unfinished draft copy of the report prior to Thursday's meeting. It will have enough of the report so that it should help with the decision on whether to fund the recommended $50,000 in the community center budget intended to be to engage an architect to begin any future work on the center.

# City of Biddeford, Maine

## Appendix A
## Solid Waste

Facts:

| | |
|---|---|
| • Contamination charge in the budget: | $126,600 based on $120 charge per ton |
| • Shift in tonnage from recycling to MSW in budget: | $24,897 based on 425 tons @ $58.58[1] ($59.86 correct rate) |
| • Recycling tons collected curbside: | 1,900 annually |
| • Tons generated per residential unit: | 1 ton annually |
| • Recycling generated per residential unit: | ¼ ton annually |
| • Projected recycling handling charge: | $25 per ton |
| • Projected contamination fee: | $120 per ton |
| • Cost for curbside recycling collection; | $418,125 annually |
| • Number of 3 unit apartment buildings: | 277 total; 66 estimated to be owner occupied |
| • Number of 4 unit apartment buildings: | 191 total; 24 estimated to be owner occupied |
| • Number of 5 unit apartment buildings; | 43 total; 4 estimated to be owner occupied |

Costs:

| | MSW COSTS @ $59.86 | RECYCLING FEE @ $25 | CONTIMINATION @ $120 @ 35% |
|---|---|---|---|
| 3 UNIT: OWNER | $11,852 | $1,238 | $2,079 |
| 3 UNIT: NON-OWNER | $37,891 | $3,956 | $6,647 |
| 4 UNIT: OWNER | $5.747 | $600 | $1,008 |
| 4 UNIT: NON-OWNER | $39,986 | $4,175 | $7,014 |
| 5 UNIT: OWNER | $1,197 | $125 | $210 |
| 5 UNIT: NON-OWNER | $11,673 | $1,219 | $2,048 |

[1] Based on rate at the time of budget preparation; now known to be $59.86

Elimination of Curbside Collection for Recycling:

It is somewhat difficult to accurately predict what would happen if we eliminated the curbside collection for recycling throughout the City because of the impact on the collection of solid waste. As the waste stream would increase, it would increase the need for adjustments to the routes, including the strong potential for additional runs (because the waste truck would be at capacity earlier).

Our best guess is that the break point would be an additional 1,500 tons of MSW. Without any study, our best guess is that of the current 1,900 tons of recycling, 400 tons would continue to be recycled (by individuals making the trip to the recycling center) or eliminated from the waste stream in the entirety.

Under these assumptions, if the Council was to implement this change effective July 1, 2019 (which we do not recommend), we would suggest the following adjustments to the budget:

- Elimination of curbside recycling contract[2]: ($418,125)
- New MSW charge: $113,734 (based on the entire 1,900 tons going to MSW)
- Total budget savings ($304,391)

[2] Assuming that the city could negotiate a favorable dissolution of the contract early.

## Appendix B
## Waste Water Treatment Plant

Staff was asked to try to determine the impact of storm water infiltration into the plant. Jeff's team evaluated one year of flow by reviewing data for each and every day. The determination was that 307 million gallons of storm water was received in the year (out of 1,318 million gallons total or 23.3%). The additional storm water has a direct impact on three cost centers, namely the amount of chlorine used, the amount of bisulfite used and the amount of electricity used. This calculation determined the direct impact was $29,287 for the year. Indirect costs were not calculated since those costs would be exactly the same if there was no additional storm water entering the plant. A link to the calculations are provided within the budget file that is available.

It should be noted that two years ago, the Council added in a reasonable administrative charge that began to recognize the direct and actual support that the property taxpayers provide to sewer users. Prior to that charge, all administrative functions were totally paid for by the property taxpayers. To illustrate, all costs associated with the finance (paying bills, payroll, providing reports, book keeping, processing of payments, preparing billing, etc.), all legal bills, all human resource functions (recruitment costs, federal/state employment compliance, etc.), liability insurances, information technology administration/support, general management oversite, and other costs were paid for by property taxpayers. In FY18, the administrative overhead was calculated at 10.87%. Using that factor, the overhead charge would have been close to $500,000. The rate sensitivity issue settled the administrative charge to WWTP at $187,303.

In preparing for this item, staff reran the administrative overhead to include all costs of HR and IT. It increased the overhead factor to 11.51% for the proposed FY20 budget. Using that factor, the administrative charge to the plant would be $515,978. However, the budget continued to hold the administrative overhead charge at the $187,303 rate. (It should be noted here that the actual budgeted amount in the proposed budget included an additional charge to cover the direct services of the shared position in finance that used to be allocated directly to halve the Comptroller's costs. These additional funds will be reclassified as a direct cost and not overhead to reflect the true nature of the cost.)

Taken in its entirety, even without the allocation of the $29,287, there is strong evidence that the property taxpayers are directly supporting the sewer users in excess of $250,000.